



Agenda Date: 11/09/04

Agenda Item: 5 A

STATE OF NEW JERSEY

Board of Public Utilities

Two Gateway Center

Newark, NJ 07102

www.bpu.state.nj.us

WATER & WASTEWATER

IN THE MATTER OF THE PETITION OF)	ORDER ADOPTING INITIAL
SHORELANDS WATER COMPANY, INC.)	DECISION/SETTLEMENT
FOR AN INCREASE IN BASE RATES FOR)	
WATER SERVICE, DEFERRED ACCOUNTING)	BPU DOCKET NO. WR04040295
AND OTHER TARIFF MODIFICATIONS)	OAL DOCKET NO. PUC 0214-2004S

(Service List Attached)

BY THE BOARD:

On April 24, 2004, pursuant to N.J.S.A. 48:2-21, and N.J.A.C. 14:1-5.12, Shorelands Water Company, Inc. (Shorelands or Company), a public utility of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities (Board), filed a petition for a revision of its rates for water service.

Shorelands serves approximately 10,697 customers in portions of the Townships of Hazlet and Holmdel, Monmouth County, New Jersey and provides bulk sales service to New Jersey American Water Company, the Borough of Keyport and the Township of Aberdeen.

The Company's rate request would have resulted in an increase in total Company revenues of \$1,642,583, representing a 19.72% increase over test year revenues ending December 31, 2004. After extensive settlement discussions among the Company, the Ratepayer Advocate (RPA), and Board Staff (Staff) (collectively, the Parties), an increase of \$1,038,000, representing a 12.50% increase over current rates, was agreed to by the Parties. This settlement is approved by this Order.

PROCEDURAL HISTORY

On May 13, 2004, this matter was transmitted to the Office of Administrative Law (OAL) where it was assigned to Administrative Law Judge (ALJ) Richard F. Wells. A pre-hearing conference was conducted by ALJ Wells on July 13, 2004.

A public hearing was held before ALJ John Schuster on August 17, 2004, at the Hazlet Township Municipal Court Building. Three members of the public attended and spoke at the public hearing. Comments centered around the potential effect of the increase and other recent utility increases.

Subsequent to the public hearing, the Parties engaged in settlement negotiations. As a result of these discussions, the Parties reached a Stipulation of Settlement of all issues (Stipulation or Settlement).

ALJ Wells issued his Initial Decision recommending adoption of the Stipulation executed by the Parties, finding that the Parties had voluntarily agreed to the Settlement, and that the Settlement fully disposes of all issues in the proceeding, and was consistent with the law.

STIPULATION

As more fully set forth in the attached Stipulation,¹ the Parties agreed that:

1. The test year is the twelve (12) month period ending December 31, 2004, adjusted for known and measurable changes (Settlement Paragraph 3a).
2. The return on common equity is agreed to be 9.75%, resulting in an overall rate of return of 7.34%, as depicted on Exhibit A attached to the Stipulation (Settlement Paragraph 3b).
3. Utilizing an overall rate of return of 7.34% would result in an additional revenue requirement of \$1,038,000 as depicted on Exhibit B. The Parties agree that this figure represents the level of revenue which is necessary to ensure that the Company will continue to provide safe, adequate and proper water service to its customers (Settlement Paragraph 3c).
4. For the purposes of this Settlement, the Parties agreed that rates shall be based on a rate base of \$16,054,279, adjusted to actual costs not to exceed \$16,054,279. By March 15, 2005, the Company will provide the Parties with a written status report of the post test year construction. The Petitioner shall certify the actual costs of the post test year construction no later than April 30, 2005 (Settlement Paragraph 5b).
5. Draft tariff sheets implementing the terms of the Stipulation have been attached to the Settlement as Exhibit C. The tariffs reflect an overall increase in rates of 12.50%, which includes an increase to General Metered Service (GMS) fixed charge of 12.90% and an increase to the consumption charge of 13.90%. The Manasquan Group Tariff Rate is increased by 3.00% (Settlement Paragraph 6).
6. In its next base rate case, Shorelands will provide a study of the effect of inch-foot charges and facts relating thereto, including the impact of various alternative methods (Settlement Paragraph 7).

¹Cited paragraph references are in the settlement document. This is only a summary, the full settlement document controls, subject to the Board's findings and conclusions contained herein.

7. The Company commits to undertake a systematic study of the potential opportunities for conservation and water re-use throughout its service territory and identify initiatives, if any, that will maximize the conservation of potable water re-use. The Company shall provide this information within three years or as part of its next base rate case, whichever comes first (Settlement paragraph 8).
8. The Company will undertake a study to identify system growth within its planning area, wherein "planning area" has the meaning assigned by the Office of State Planning, and to review its system maps to identify planning areas, where feasible, and other concepts as the Company believes necessary. The Company will provide this information to the Board Staff and the Ratepayer Advocate in its next base rate proceeding (Settlement paragraph 8).
9. In cooperation with the Board's Report Card Initiative, the Company agrees to work with Board Staff and the Ratepayer Advocate to track some or all of the following measures of service responsiveness:
 - i. Customer complaints and comments, and
 - ii. Measurement of billing accuracy (Settlement paragraph 8).

DISCUSSION AND FINDINGS

As a result of the Stipulation, a residential customer using 80,000 gallons of water per year will experience an increase from \$376.64 per year (\$94.16 per quarter) to \$428.08 (\$107.02 per quarter). This represents an annual increase of 13.66% or \$51.44 per year or \$12.86 per quarter.

The Board, having reviewed ALJ Wells' Initial Decision and the Stipulation, FINDS that the Parties have voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board FINDS the Stipulation to be reasonable and in the public interest.

The Board HEREBY ADOPTS the Initial Decision and the Stipulation attached hereto as its own incorporating by reference the terms and conditions as if fully set forth at length herein, subject to the following:

- a) The test year shall be the twelve (12) months ended December 31, 2004.
- b) The return on common equity shall be 9.75%, resulting in an overall rate of return of 7.34%.
- c) The rate of return of 7.34% shall result in an overall additional revenue requirement of \$1,038,000.
- d) The revenue requirement agreed to by this settlement shall be sufficient to allow the Company to continue to provide safe, adequate and proper service to its customers.

- e) Current base rates shall reflect an overall increase in rates of 12.50%, which shall include an increase to the General Metered Service fixed charge of 12.90% and an increase to the consumption charge of 13.90%. The Manasquan Customer Group Tariff Rate shall increase by 3.00%.
- f) The rate base shall be set at \$16,054,279, adjusted to actual costs, not to exceed \$16,054,279. The Company shall provide a written status report to the Parties and the Board of the post test year construction by March 15, 2005. The Petitioner shall certify to the Parties and the Board the actual costs of the post test year construction no later than April 30, 2005.
- g) Shorelands shall provide a study of the effect of inch-foot charges and facts relating thereto, including the impact of various alternative methods. The Company shall provide this information within three years or as part of its next base rate case, whichever comes first.
- h) The Company shall undertake a systematic study of the potential opportunities for conservation and water re-use throughout its service territory (Conservation Study). The Company shall provide this information within three years or as part of its next base rate case, whichever comes first.
- i) The Company shall undertake a study to identify system growth within its planning area,² wherein "planning area"³ has the meaning assigned by the Office of State Planning, and to review its system maps to identify planning areas and concepts to support the State's smart growth initiative. The Company shall provide this information to the Board Staff and the Ratepayer Advocate within three years or in its next base rate proceeding, whichever comes first.
- j) In cooperation with the Board's Report Card Initiative, the Company shall work with Board Staff and the Ratepayer Advocate to track measures of service responsiveness consistent with the Report Card requirements.

² Planning area is to be coordinated with local, county and state authorities.


³ See New Jersey Development and Redevelopment Plan Definitions: Areas for Growth: Metropolitan Planning Areas (Planning Area 1), Suburban Planning Areas (Planning Area 2) and Designated Centers in any planning area. Areas for Limited Growth: Fringe Planning Areas (Planning Area 3), Rural Planning Areas (Planning Area 4), and Environmentally Sensitive Planning Areas (Planning Area 5). In these planning areas, planning should promote a balance of conservation and limited growth. Environmental constraints affect development and preservation is encouraged in large contiguous tracts. Areas for Conservation: Fringe Planning Areas (Planning Area 3), Rural Planning Areas (Planning Area 4), and Environmentally Sensitive Planning Areas (Planning Area 5).

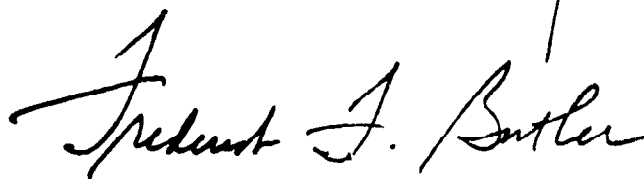
The Board HEREBY ORDERS the Company to submit a complete revised tariff conforming to the terms and conditions of this Order within ten (10) days from the date of this Order

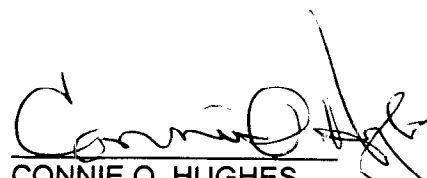
The effective date of this Order is as dated below.

DATED: 11/10/04

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

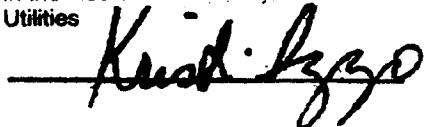

CONNIE O. HUGHES
COMMISSIONER


JACK ALTER
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities



I/M/O the Petition of Shorelands Water Company, Inc.
For An Increase in Base Rates for Water Service
Deferred Accounting And Other Tariff Modifications

BPU Docket No. WR04040295
OAL Docket No. PUC0214-2004S

Bruce S. Edington, Esq.
St. John & Wayne, L.L.C
Two Penn Plaza East
Newark, NJ 07105-2249

Seema M. Singh, Esq.
Acting Director & Ratepayer Advocate
Robert Brabston, Esq.
31 Clinton St, 11th Floor
P.O. Box 46005
Newark, NJ 07101

CAS
BESLOW
RPA

DAGS: MOREAU
SHATTO
BEVO

QUIRLO - LESAL
KAMMER
WAS



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

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INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 4214-04

AGENCY DKT. NO. WR04040295

**I/M/O THE PETITION OF SHORELANDS
WATER COMPANY, INC. FOR AN
INCREASE IN BASE RATES FOR WATER
SERVICE DEFERRED ACCOUNTING AND
OTHER TARIFF MODIFICATIONS**

Bruce S. Edington, Esq., for petitioner (St. John & Wayne, LLC, attorneys)

Alex Moreau, Deputy Attorney General, for the Staff of the Board of Public Utilities
(Peter C. Harvey, Attorney General of New Jersey, attorney)

Susan E. McClure, Assistant Deputy Ratepayer Advocate, for the Division of the
Ratepayer Advocate

Record Closed: October 6, 2004

Decided: October 6, 2004

BEFORE RICHARD F. WELLS, ALJ:

Petitioner, Shorelands Water Company, Inc., filed its petition to increase its rates by approximately \$1,642,583, or about 19.72% above present base rates, on April 24, 2004.

This matter was transmitted to the Office of Administrative Law on May 24, 2004 for a hearing pursuant to *N.J.S.A. 52:14B-1 to -15* and *N.J.S.A. 52:14F-1 to -13*.

Public hearings were conducted on August 17, 2004 in Hazlet, New Jersey. Thereafter, negotiations were entered into between the BPU Staff, the Division of the Ratepayer Advocate and the petitioner.

The parties have agreed to a settlement and have prepared the attached Stipulation Setting New Base Rates. It provides for an increase in revenues amounting to \$1,038,000 or an overall increase of 12.50% over present revenues.

I have reviewed the record and the terms thereof and I **FIND**:

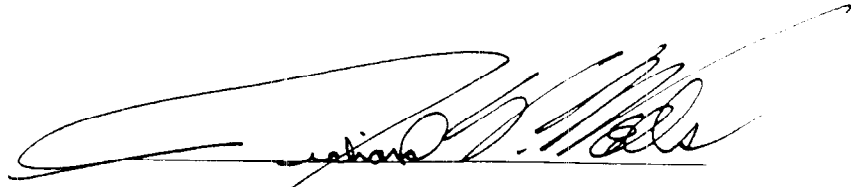
1. The parties have voluntarily agreed to the settlement as evidenced by their signatures or their representatives' signatures.
2. The settlement fully disposes of all issues in controversy and is consistent with the law.

I **CONCLUDE** that this settlement agreement meets the requirements of *N.J.A.C. 17:27-19.1* and that the settlement should be approved. I approve the settlement and therefore **ORDER** that the parties comply with the settlement terms and that these proceedings be concluded.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five (45) days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

10-6-04
DATE


RICHARD F. WELLS, ALJ

Receipt Acknowledged:

10/17/04
DATE


BOARD OF PUBLIC UTILITIES

Mailed to Parties:

DATE

OFFICE OF ADMINISTRATIVE LAW

cmo

ST. JOHN & WAYNE, L.L.C.

Two Penn Plaza East
Newark, New Jersey 07105
Bruce S. Edington, Esq.
(973) 491-3600
Attorneys for Petitioner,
Shorelands Water Company, Inc.

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STATE OF NEW JERSEY
OFFICE OF ADMINISTRATIVE LAW

-----X	:	STATE OF NEW JERSEY
	:	OFFICE OF ADMINISTRATIVE LAW
IN THE MATTER OF THE	:	OAL DOCKET NO. PUCRA 04214-2004S
PETITION OF SHORELANDS	:	BPU DOCKET NO. WR04040295
WATER COMPANY, INC. FOR	:	
AN INCREASE IN BASE RATES	:	
FOR WATER SERVICE AND	:	
OTHER TARIFF	:	RICHARD F. WELLS
MODIFICATIONS	:	ADMINISTRATIVE LAW JUDGE
-----X	:	

STIPULATION SETTING NEW BASE RATES

Petitioner, Shorelands Water Company, Inc. (hereinafter the "Company" or "Shorelands") (by Bruce S. Edington, Esq.), Division of the Ratepayer Advocate (hereinafter the "Advocate") (by Susan E. McClure, Esq.), and the Staff of the Board of Public Utilities (hereinafter the "Staff") (by Alex Moreau, DAG) (hereinafter jointly the "Parties"), as a result of an analysis of Petitioner's prefiled testimony and exhibits, discovery requested by the Advocate and Staff, conferences, negotiations, responses to information requests and a public hearing, hereby agree and stipulate as follows:

1. On April 24, 2004 Shorelands, a public utility corporation of the State of New Jersey pursuant to N.J.S.A. 48:2-21, and N.J.A.C. 14:1-5.12 filed a petition

to increase rates for water service seeking new base rates. Said petition sought a revision of water rates amounting to an increase in revenues of Shorelands of \$1,642,583 over pro forma present revenue received by Shorelands from its existing base rates which was an overall increase of approximately 19.72% over the base rates, for the test year ending December 31, 2004.

2. The Board, pursuant to N.J.A.C. 1:1-5.1, referred the case to the Office of Administrative Law (hereinafter "OAL") and was assigned to Administrative Law Judge (hereinafter "ALJ") Richard F. Wells as a contested matter. After proper notice, a public hearing in the service territory at the Hazlet Township Municipal Court and Police Department Building, Hazlet, New Jersey was held on August 17, 2004 before the Honorable John Schuster, ALJ. Three members of the public attended and spoke at the Public Hearing. A retired Fire Commissioner and former School Board Member commented that the project was excellent and needed. He also stated that he would check with Michael Walsh, President of Shorelands, later to discuss the potential effect of increases on the School Board and Hazlet's fair tax. Hazlet's Municipal Attorney, James Gorman, Esq., stated that he would submit a statement in writing to both the Board and the OAL, which he subsequently submitted, stating that the Township wants to be sure that all income was considered and apportioned but that the Township was not

intervening as a Party in the proceeding. A former employee of Shorelands stated that she was a single person and concerned about the size of recent utility increases including gas, Hazlet Township's sewerage, and electric and now a water increase. The Parties believe that this settlement reasonably addresses those concerns.

3. Thereafter, the Parties, as a result of an analysis of Shorelands' prefiled testimony and exhibits, discovery responses, the public hearing and various conferences among the Parties, the Parties have agreed and stipulate that:

a. For the purpose of this Stipulation, the test year is the twelve (12) months ended December 31, 2004, adjusted for known and measurable changes.

b. The Parties have agreed to afford Petitioner the opportunity to earn a 9.75% return on common equity, resulting in an overall rate of return of 7.34% as depicted on the attached Exhibit A.

c. The Parties agree that utilizing an imputed overall rate of return of 7.34% would result in an overall additional revenue requirement of \$1,038,000 as depicted in the attached Exhibit B. The Parties agree that this figure represents the level of revenue which is necessary to ensure that the Company will continue to provide safe, adequate and proper water service to its customers.

4. The new base rates are established at an increase of 12.50% from the existing base rates as follows:

a. Present Base Revenue at 1,655/MG; (Total Sales)	\$8,303,535
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The rate design is based on the following:

b. Revenue Requirement	\$9,341,535
c. Required Increase	\$1,038,000
d. Percentage Increase over present Base Rates	12.50%

5. The Parties have also agreed as follows:

a. Cost of Purchased Manasquan Water during 2005 is \$2,413,186 based upon contract purchases and charges at present rates from the New Jersey Water Supply Authority for raw water, from New Jersey American Water Company for treatment and delivery, and from municipal transfer of diversion as follows:

<u>Agency</u>	<u>Volume (MG)</u>	<u>Cost</u>
New Jersey Water Supply Authority	693.50	\$ 674,221
NJ American Water	1043.17	\$1,622,365
Freehold/Keyport	106.00	<u>\$ 116,600</u>
		\$2,413,186

b. For purposes of this Settlement, the Parties agreed that rates shall be based on a Rate Base of \$16,054,279, adjusted to actual costs not to exceed \$16,054,279. By March 15, 2005, the Company will provide to the Parties a written status report as to the post test year construction project. The Parties will ensure that the rate base is reasonable, prudently incurred, and consistent with this Settlement. The Petitioner shall certify the actual costs of the construction project no later than April 30, 2005.

6. The Parties agree that the attached tariff sheets, implementing the terms of this Stipulation should be adopted by the ALJ and the Board in their entirety, and become applicable on the date specified by the Board. (Exhibit C). The tariffs reflect an overall increase of 12.50% which includes an increase to the General Metered Service (GMS) fixed charge of 12.90% and an increase to the consumption charge of 13.90%. The Manasquan Group Tariff Rate is increased by 3.00%.

7. In its next base rate case, Shorelands will provide a study of the effect of inch-foot charges and facts relating thereto including the impact of various alternative methods.

8. The Company commits to undertake a systematic study of the potential opportunities for conservation and water re-use throughout its service territory and identify initiatives, if any, that will maximize the conservation of potable water use. The Company shall provide this information within three years or its next base rate case, whichever comes first.

Since Shorelands Water Company has billed residential, industrial and commercial customers monthly based upon actual reads since October 1998, it has accumulated significant data segregated by meter size which will enable it to predict the impact the future tariff provisions including seasonal riders and increasing block rates. Shorelands agrees to provide this data as part of its next rate filing and understands that after thorough examination of such data by the Board, the Board will decide whether and on what basis to establish terms and conditions in the Company's next base rate case proceeding.

The Company will undertake in the study to identify system growth within its planning area, wherein the planning area has the meaning assigned by the Office of State Planning, and to review its system maps to identify planning areas, where feasible, and other concepts as the Company believes necessary. The Company will provide this information to the Board Staff and the Ratepayer Advocate in its next base rate proceeding.

In cooperation with the Board's Report Card Initiative, the Company agrees to work with Board Staff and the Ratepayer Advocate to track some, or all, of the following measures of service responsiveness:

- a. Customer complaints and comments, and
- b. Measurement of billing accuracy.

9. The Parties agree that, except as expressly provided herein, this Stipulation has been made exclusively for the purpose of this proceeding and that the Stipulation contained herein, in total or by specific items, are neither precedential nor binding upon the Parties in other proceedings before the Board or in other forums or jurisdictions, nor are the contents of this Stipulation, in total or by specific items, by inference, inclusion, or deletion, in any way to be considered or used by another Party as any indication of the position of any Party hereto on any issue litigated or to be litigated in other proceedings.

10. The Parties further agree that the purpose of this Stipulation is to reach a fair and reasonable settlement, and that the settlement will serve to avoid protracted and costly litigation of certain issues and that with respect to any policy or other issues which were compromised in the spirit of reaching an agreement, none of the parties shall be prohibited from or prejudiced in arguing

a different policy or position before the Board in any other proceeding, as such agreements pertain only to this matter and to no other matter.

11. The Stipulation contains terms, each of which is interdependent with the others and essential in its own right to the signing of this Stipulation. Each term is vital to the agreement as a whole, since the Parties expressly and jointly state that they would not have signed the agreement had any term been modified in any way. Each Party is entitled to certain procedures in the event that any modifications whatever are made to this Stipulation. If any modification is made to the terms of this Stipulation, the Parties each must be given the right to be placed in the position it was in before the stipulation was entered. Therefore, if any modification is made to the terms of this Stipulation, it is essential that each Party be given the option, before the implementation of any new rate resulting from this action, either to modify its own position, to accept the proposed changes, or to resume the proceeding as if no agreement has been reached.

12. This Stipulation may be executed in as many counterparts as there are signatories to this stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument consisting of several counterparts.

ST, JOHN & WAYNE, LLC.
Attorneys for Shorelands Water Co., Inc.

Dated: 10/1/04

By: 
Bruce S. Edington, Esq.

DIVISION OF THE RATEPAYER ADVOCATE

Dated: 10/1/04

By: 
Susan E. McClure, Esq.

PETER C. HARVEY
ATTORNEY GENERAL OF NEW JERSEY
Attorneys for Staff of the NJBPU

Dated: _____

By: _____
Alex Moreau
Deputy Attorney General

12. This Stipulation may be executed in as many counterparts as there are signatories to this stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument consisting of several counterparts.

ST, JOHN & WAYNE, L.L.C.
Attorneys for Shorelands Water Co., Inc.

Dated: _____

By: _____
Bruce S. Edington, Esq.

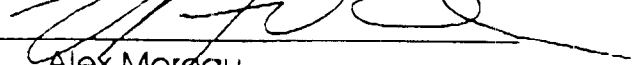
DIVISION OF THE RATEPAYER ADVOCATE

Dated: _____

By: _____
Susan E. McClure, Esq.

PETER C. HARVEY
ATTORNEY GENERAL OF NEW JERSEY
Attorneys for Staff of the NJBPU

Dated: October 5, 2004

By: 
Alex Moreau
Deputy Attorney General

SHORELANDS WATER COMPANY
Capital Structure & Overall Return

Debt		<u>%</u>	<u>Rate</u>	<u>Weighted</u>
	2,575,000	16.59%	10.07%	1.67%
	625,000	4.03%	8.94%	0.36%
	5,750,000	37.05%	3.20%	1.19%
Total Debt	8,950,000	57.66%		3.22%
Equity	6,570,865	42.34%	9.75%	4.13%
Total	15,520,865	- 100.00%		7.34%

SHORELANDS WATER COMPANY
Calculation of Revenue Deficiency

Rate Base @ 6/30/05	16,054,279
Rate of Return	7.34
Operating Income Required	1,178,384
Operating Income at Present Rates	590,781
Operating Income Deficiency	587,603
Revenue Multiplier	1.7665
Required Revenue Increase	1,038,000
Revenue at Present Rates	8,303,535
Revenue at Proposed Rates	9,341,535
Average Revenue Increase	12.50%

EXHIBIT C

RATE SCHEDULE NO. 1

General Metered Service

RATE SCHEDULE NO. 2

Purchased Water Adjustment Clause

RATE SCHEDULE NO. 3

Public Fire Protection Services

RATE SCHEDULE NO. 4

Private Fire Protection

RATE SCHEDULE NO. 5

Miscellaneous Service

Emergency or Backup

RATE SCHEDULE NO. 6

Purchased Water Adjustment Clause

RATE SCHEDULE NO. 7

Sales for Resale – Manasquan

RATE SCHEDULE NO. 8

Purchased Water Adjustment Clause

Sales for Resale - Keyport

RATE SCHEDULE NO. 1
GENERAL METERED SERVICE

Applicability:

Applicable to use of water supplied through meters.

Character of Service:

Continuous, except as limited by "Standard Terms and Conditions".

Rates:

Fixed Service charge.

<u>Meter Size</u>	<u>Per Month</u>	<u>Per Quarter</u>	<u>Meter Size</u>	<u>Per Month</u>	<u>Per Quarter</u>
5/8" Meter	\$9.30	\$27.90	3" Turbine or	\$139.50	\$418.50
3/4" Meter	13.95	41.85	Compound Meter		
1" Meter	23.25	69.75	4" Meter	232.50	697.50
1 1/2" Meter	46.50	139.50	6" Meter	465.00	1395.00
2" Disc Meter	74.40	223.20	8" Meter	744.00	2232.00
2" Turbine or	111.60	334.80	10" Meter	1069.50	3208.50
Compound Meter					

Meter Rates:

\$3.955* per thousand gallons

Terms of Payments:

Bills are due fifteen (15) days after mailing. Bills may be paid in cash, check or money order. Coins will be accepted provided they are rolled and contain customer name and account number on each roll.

Conditions:

Subject to "Standard Terms and Conditions"

* The State of New Jersey enacted ch.443 of the Laws of New Jersey 1983 concerning the periodic testing of public water supplies which establishes a water tax of \$0.01 per 1,000 gallons of water. This tax is reflected and included in the above rates.

Date of Issue: October 22, 2004

Effective for service rendered
On and after October 22, 2004

Issued by: Michael P. Walsh, Pres.
1709 Union Ave., Hazlet, NJ.

Filed pursuant to Decision and Order of BPU in Docket No. WR04040295, dated October 22, 2004.

Purchased Water Adjustment Clause

A charge or credit (\$...) To the commodity charges contained within the Rate Schedules No. 1, 5, & 6 in accordance with N.J.A.C. 14:9-7.3, 7.4, & 7.5 shall be made as follows:

General Metered Service
Non-Exempt- (\$ 0.000) per 1,000 gallons

The estimated twelve (12) month average cost shall be periodically redetermined by the Board of Public Utilities in accordance with true-up procedures set forth in N.J.A.C. 14:9-7.3, 7.4, & 7.5

Date of Issue: October 22, 2004

Effective for service rendered
On and after October 22, 2004

Issued by: Michael P. Walsh, Pres.
1709 Union Ave., Hazlet, NJ.

Filed pursuant to Decision and Order of BPU in Docket No. WR04040295, dated October 22, 2004.

RATE SCHEDULE NO. 2
PUBLIC FIRE PROTECTION SERVICES

Applicability :

Applicable to municipalities throughout the franchised area.

Character of Service :

Continuous, except as limited by "Standard Terms and Conditions".

Rates :

Inch Foot Charge

Yearly charge of \$0.1025 per inch foot of distribution and transmission mains of 6" or more diameter serving municipality.

Hydrant Charge

\$26.10 monthly, \$313.20 yearly per each hydrant owned by the Company within the municipality served.

The amount of the bill will be the total of the Inch Foot Charge and the Hydrant Charge.

Terms of Payments :

Bills are due Fifteen (15) days after mailing.

Conditions :

Subject to "Standard Terms and Conditions".

Special Provisions :

The number of "inch feet" is computed by multiplying the linear feet by the internal diameter in inches of distribution and transmission mains serving a municipality on December 31st of the previous year.
(For Example: 100 feet of 6 inch mains is equivalent to 600 inch feet).

Date of Issue: October 22, 2004

Effective for service rendered
On and after October 22, 2004

Issued by: Michael P. Walsh, Pres.
1709 Union Ave., Hazlet, NJ.

Filed pursuant to Decision and Order of BPU in Docket No. WR04040295, dated October 22, 2004.

RATE SCHEDULE NO. 3
PRIVATE FIRE PROTECTION

Applicability :

Applicable to customers for private fire protection service.

Character of Service :

Continuous, except as limited by "Standard Terms and Conditions".

Rates :

Sprinkler connections with hose or hydrant connected to them:

<u>Size of Service</u>	<u>Per Month</u>	<u>Per Quarter</u>
3"	141.75	425.25
4"	237.38	712.14
6"	473.63	1420.89
8"	758.25	2274.75
10"	1172.25	3516.75

Sprinkler connections without hose or hydrant connected to them:

<u>Size of Service</u>	<u>Per Month</u>	<u>Per Quarter</u>
1"	\$14.63	\$43.89
2"	47.25	141.75
3"	99.00	297.00
4"	165.38	496.14
6"	331.88	995.64
8"	531.00	1593.00
10"	828.00	2484.00

Fire Hydrants :

When hydrants are attached between the main and the meter, a charge of \$52.37 per month, \$628.44 per year per hydrant will be made. In the event no sprinkler service is rendered, then the charge shall be the same as above for each hydrant attached after the meter.

Date of Issue: October 22, 2004

Effective for service rendered
On and after October 22, 2004

Issued by: Michael P. Walsh, Pres.
1709 Union Ave., Hazlet, NJ.

Filed pursuant to Decision and Order of BPU in Docket No. WR04040295, dated October 22, 2004.

RATE SCHEDULE NO. 3 (Continued)
PRIVATE FIRE PROTECTION

Terms of Payments :

Billed monthly or quarterly. Bills are due fifteen (15) days after mailing.

Conditions :

Subject to "Standard Terms and Conditions" and service shall be exclusively used for fire protection purposes. No water shall be used except for fires or testing on reasonable notice to Company. No charge shall be made for water used in testing or for fires.

Special Provisions:

Certified Residential Health Care Facilities and rooming or board homes which are required to install private fire sprinkler systems pursuant to P.L. 1971, c. 136 (N.J.S.A. 26:2H-1, et seq.) And P.L. 1979, c. 496 (N.J.S.A. 55:13 B-1, et seq.) And regulations promulgated under these two statutes, shall be exempt from payment of the private fire protection service charges as detailed in Rate Schedule 3. Such exemption shall not be granted until the applicant has submitted to the Company, and the Company has reviewed and approved, evidence that the applicant is a licensed Residential Health Care Facility or a rooming or boarding house and has been required to install a private fire sprinkler system pursuant to the above regulations.

Date of Issue: October 22, 2004

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RATE SCHEDULE NO. 4
MISCELLANEOUS SERVICE

Applicability:

Applicable to the following classes of miscellaneous service throughout the entire territory.

Character of Service:

Continuous, except as limited by "Standard Terms and Conditions".

Rates:

(a) - GENERAL CONSTRUCTION AND CONTRACTING PURPOSES

Metered Service

The Rates shall be the same as set forth under General Metered Service , Rate Schedule No. 1.

Unmetered Service

The Rates shall be the same as set forth under General Metered Service , Rate Schedule No. 1, on the basis of the Company's estimate of the volume of water to be used. Charges shall be payable in advance.

Special Provisions

Where metered service is provided, a deposit equal to the Company's estimate of the cost of the service for a four month period shall be made with the Company. The meter shall be kept in a safe place and accessible during its use. The deposit will be less the cost of repairs to the meter, if any, will be returned to the applicant by the Company after surrender of the meter and payment of all charges for water supplied through it.

Date of Issue: October 22, 2004

Effective for service rendered
On and after October 22, 2004

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1709 Union Ave., Hazlet, NJ.

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RATE SCHEDULE NO. 4 (Continued)
MISCELLANEOUS SERVICE

(B) - STREET SPRINKLING

Water for street sprinkling shall be taken from designated meter outlets and will be charged for under the Metered Service Charges set forth hereinbefore in Rate Schedule No. 1.

(C) - SEWER OR STREET FLUSHING

Metered Service

The Rates shall be the same as set forth under General Metered Service, Rate Schedule No. 1.

Unmetered Service

The rates shall be the same as set forth under General Metered Service, Rate Schedule No. 1, on the basis of the Company's estimate of the volume of water used. Charges will be payable in advance.

Special Provisions

Water for flushing shall be taken from a fire hydrant only after notification to the Company and under the supervision of a Company employee.

(D) - CHARGES NOT INVOLVING USE OF WATER

Resumption of Service after discontinuance due to nonpayment of bills, violation of the Company or Board of Public Utilities rules, or for any other reason not the fault of the Company:

\$25.00 for metered customers with meters up to one inch in diameter;
\$25.00 for unmetered customers;
\$22.50 per inch in diameter or fraction thereof for metered customers with meters larger than one inch;

Removing and Replacing Meters within a period of one year at the request of the customer:

\$75.00 for metered customers with meters up to one inch in diameter;
\$100.00 per inch in diameter or fraction thereof for metered customers with meters larger than one inch;

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RATE SCHEDULE NO. 4 (Continued)
MISCELLANEOUS SERVICE

Work, Labor and Materials:

All work and labor to be performed and all materials furnished by the Company will be charged to the customer at cost, unless otherwise provided in this Tariff.

Returned Check Charge:

If a customer's check is dishonored the customer shall be liable to the Company for actual costs incurred by the Company from the Bank, but in any event not to exceed Twenty Five (\$ 25.00) Dollars which shall be payable upon presentation of the bill.

Terms of Payment:

Bills are due Fifteen (15) days after mailing. Bills may be paid in cash, check, or money order. Coins will be accepted provided they are rolled and contain customer name and account number on each roll.

Term:

As required to meet the class of service rendered.

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RATE SCHEDULE NO. 5
EMERGENCY OR BACKUP BULK RATE SALES

Applicability:

Applicable to emergency/backup bulk sales to municipalities or other water purveyors which sales do not fall within RATE SCHEDULE 6.

Character of Service:

Continuous, except as limited by "Standard Terms and Conditions".

Rates:

Fixed Service charge.

<u>Meter Size</u>	<u>Non-Exempt Per Month</u>	<u>Non-Exempt Per Quarter</u>	<u>Exempt Per Month</u>	<u>Exempt Per Quarter</u>
3" Meter	\$139.50	\$418.50	\$119.77	\$359.31
4" Meter	232.50	697.50	199.62	598.86
6" Meter	465.00	1395.00	399.25	1197.75
8" Meter	744.00	2232.00	638.80	1916.40
10" Meter	1069.50	3208.50	918.27	2754.81

Meter Rates:

\$3.955 per thousand gallons - Non Exempt

\$3.395 per thousand gallons - Exempt

Exempt customers, as defined in N.J.S.A. 54:30A-17(b) and N.J.S.A. 54:30A-50(c), are those public utility corporations which are subject to the payment of a tax based on gross receipts.

Non-Exempt customers are all other customers not entitled to the statutory exemptions provided pursuant to N.J.S.A. 54:30A-17(b) and N.J.S.A. 54:30A-50(c). Uninterruptible and steady state customers are as defined in the Water Resale and Treatment Agreement.

Terms of Payments:

Bills are due fifteen (15) days after mailing.

Conditions:

Subject to "Standard Terms and Conditions"

Special Provisions:

This service only available by yearly contract between municipality or other water purveyors and Company.

Date of Issue: October 22, 2004

Effective for service rendered
On and after October 22, 2004

Issued by: Michael P. Walsh, Pres.
1709 Union Ave., Hazlet, NJ.

Filed pursuant to Decision and Order of BPU in Docket No. WR04040295, dated October 22, 2004.

Purchased Water Adjustment Clause

A charge or credit (\$...) To the commodity charges contained within the Rate Schedules No. 1, 5, & 6 in accordance with N.J.A.C. 14:9-7.3, 7.4, & 7.5 shall be made as follows:

Bulk Rate Sales

Non-Exempt - (\$ 0.000) per 1,000 gallons

Exempt - (\$ 0.000) per 1,000 gallons

The estimated twelve (12) month average cost shall be periodically redetermined by the Board of Public Utilities in accordance with true-up procedures set forth in N.J.A.C. 14:9-7.3, 7.4, & 7.5

Date of Issue: October 22, 2004

Effective for service rendered
On and after October 22, 2004

Issued by: Michael P. Walsh, Pres.
1709 Union Ave., Hazlet, NJ.

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RATE SCHEDULE NO. 6
SALES FOR RESALE - MANASQUAN

Applicability:

Applicable to bulk sales to municipalities or other water purveyors taking water from the New Jersey Water Supply Authority ("NJWSA") delivered through Shorelands Water pursuant to Water Resale and Treatment contractual requirements where they pay the NJWSA directly for the raw water.

Charges:

A charge will be made for all water used pursuant to the take or pay contractual agreement as follows:

	<u>Non-Exempt</u> <u>Rate per Million Gallons</u>	<u>Exempt</u> <u>Rate per Million Gallons</u>
Uninterruptible	\$2316.00	\$1988.00
Steady State	\$3306.00	\$2836.00

Exempt customers, as defined in N.J.S.A. 54:30A-17(b) and N.J.S.A. 54:30A-50(c), are those public utility corporations which are subject to the payment of a tax based on gross receipts.

Non-Exempt customers are all other customers not entitled to the statutory exemptions provided pursuant to N.J.S.A. 54:30A-17(b) and N.J.S.A. 54:30A-50(c). Uninterruptible and steady state customers are as defined in the Water Resale and Treatment Agreement.

FIXED SERVICE CHARGE

All sales for resale service customers shall pay a fixed service charge based on the size of each meter installed, in addition to the charge for the quantity of water used if any. Customers with multiple meters shall be charged for each meter at the indicated rate.

<u>Size of Meter</u>	<u>Non-Exempt</u>		<u>Exempt</u>	
	<u>Per Month</u>	<u>Per Quarter</u>	<u>Per Month</u>	<u>Per Quarter</u>
3"	\$139.50	\$418.50	\$119.77	\$359.31
4"	232.50	697.50	199.62	598.86
6"	465.00	1395.00	399.25	1197.75
8"	744.00	2232.00	638.80	1916.40

Terms of Payment:

Bills for sale of water under this schedule will be rendered monthly, in arrears, due 15 days after the bill is mailed. Payments which are not received within 25 days are subject to interest charges at the prime rate as set by Shrewsbury State Bank or its successor.

Date of Issue: October 22, 2004

Effective for service rendered
On and after October 22, 2004

Issued by: Michael P. Walsh, Pres.
1709 Union Ave., Hazlet, NJ.

Filed pursuant to Decision and Order of BPU in Docket No. WR04040295, dated October 22, 2004.

RATE SCHEDULE NO. 6 (Continued)
SALES FOR RESALE - MANASQUAN

Purchased Water Adjustment Clause

A charge or credit (\$...) To the commodity charges contained within the Rate Schedules No. 1 in accordance with N.J.A.C. 14:9-7.3, 7.4, & 7.5 shall be made as follows:

Sales for Resale - Manasquan
Non-Exempt - (\$ 0.000) per 1,000 gallons
Exempt - (\$ 0.000) per 1,000 gallons

	<u>Non-Exempt</u> <u>Rate per Million Gallons</u>	<u>Exempt</u> <u>Rate per Million Gallons</u>
Uninterruptable	(\$ 000.00) per MG	(\$ 000.00) per MG
Steady State	(\$ 000.00) per MG	(\$000.00) per MG

The estimated twelve (12) month average cost shall be periodically redetermined by the Board of Public Utilities in accordance with true-up procedures set forth in N.J.A.C. 14:9-7.3, 7.4, & 7.5

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1709 Union Ave., Hazlet, NJ.

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RATE SCHEDULE NO. 7
Purchased Water Adjustment Clause
(APPLICABLE TO RATE SCHEDULE No. 1, 5, & 6)

A charge or credit (\$...) To the commodity charges contained within the Rate Schedules No. 1, 5, & 6 in accordance with N.J.A.C. 14:9-7.3, 7.4, & 7.5 shall be made as follows:

General Metered Service (Rate Schedule 1, Sheet No. 24 & 24A)

Non-Exempt - (\$ 0.000) per 1,000 gallons

Bulk Rate Sales (Rate Schedule 5, Sheet No. 31 & 31A)

Exempt - (\$ 0.0000) per 1,000 gallons

Non-Exempt - (\$ 0.0000) per 1,000 gallons

Sales for Resale - Manasquan (Rate Schedule 6, Sheet No. 32 & 32A)

Exempt - (\$ 0.0000) per 1,000 gallons

Non-Exempt - (\$ 0.0000) per 1,000 gallons

	<u>Non-Exempt</u>	<u>Exempt</u>
Uninterruptable	(\$000.00) per MG	(\$000.00) per MG
Steady Rate	(\$000.00) per MG	(\$000.00) per MG

The estimated twelve month average cost shall be periodically redetermined by the Board of Public Utilities in accordance with true-up procedures set forth in N.J.A.C. 14:9-7.3, 7.4, & 7.5.

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RATE SCHEDULE NO. 8
SALES FOR RESALE - KEYPORT

Applicability:

Applicable to bulk sales to the municipality of Keyport for sales which do not fall within RATE SCHEDULE NO. 6 (Sales for Resale – Manasquan) or RATE SCHEDULE NO. 5 (Emergency or Backup Bulk Rate Sales).

Rates:

A charge will be made for all water used based on the following:

Rate per Million Gallons
\$1,500.00

Keyport is a Non-Exempt customer as defined in N.J.S.A. 54:30A-17(b) and N.J.S.A. 54:30A-50(c) wherein an Exempt customer is defined as a public utility corporation which is subject to the payment of a tax based on gross receipts.

Fixed Service Charge:

Keyport will pay a fixed service charge based on the size of each meter installed.

<u>Size of Meter</u>	<u>Non-Exempt</u>	
	<u>Per Month</u>	<u>Per Quarter</u>
4"	232.50	697.50
6"	465.00	1395.00

Date of Issue: October 22, 2004

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW
Quakerbridge Plaza, Building #9
Quakerbridge Road, PO Box 049
Trenton, New Jersey 08625-0049
(609) 588-6584

2004 OCT -7 PM 3:44

SOUTH

Date: 'OCT 6 2004

Re: Initial Decisions for Receipt

Receipt of the following decisions from the Office of Administrative Law (as well as a copy of this form) is acknowledged as of the date indicated below:

OAL Docket No. PUC

Case Name

PULLED
RETURNED

PUC 4214-04

I/M/O SHORELANDS WATER CO.

- 4499-03

I/M/O SOUTH JERSEY GAS

Date: 10-7-04

Board of Public Utilities
2 Gateway Center
Newark, New Jersey 07102

Board of Public Utilities